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CAPITALIST ENCOUNTERS, COMPETITION, AND SUBSTITUTION: THE POLITICAL ECONOMY OF MAKASSAR CITY, SOUTH SULAWESI

FAJAR[1], ARMIN[1], MUHAMMAD SAAD[1], ADI SURYADI B[1]
[1]FACULTY OF SOCIAL AND POLITICAL SCIENCES, HASANUDDIN UNIVERSITY, MAKASSAR, INDONESIA

ABSTRACT
The political economy reality in Makassar City, South Sulawesi, positions capital space as a mature basis and arena for competition and substitution of capital and power. To explain this variation, we interpret the prevailing capitalism as an ersatz concept—one that reflects the shifting positions of capitalists and the turn toward exploitation and conflict for the sake of capital accumulation in the post-authoritarian era. We employ a qualitative research method to examine the extent to which political economy can capture the development of capitalism between Tionghoa groups and Indigenous Elites, both of who are considered capable of driving the local economy. Our findings show that the prevailing ersatz capitalism does not bring about welfare; rather, it leads to land and natural resource exploitation that fails to contribute to the well-being of the people.
Keywords: Ersatz Capitalism, Substitution, Capital Accumulation, Indigenous, Tionghoa

INTRODUCTION

When Karl Marx published the first volume of *Capital* in 1867—exactly one century after David Ricardo's *Principles of Political Economy and Taxation*, arguably the most influential economist of the 19th century—the economic and social realities had undergone profound transformations. The question was no longer whether peasants could feed a growing population or whether land prices would continue to rise, but rather how to understand the dynamics of industrial capitalism, which by then had fully developed (Piketty 2021: 16). Economic growth had taken its own conditioned path, driven by population increases that stimulated agricultural productivity. Yet this growth was accompanied by the emergence of urban slums overcrowded with workers—the very image of the proletariat, toiling all day while earning wages that barely sustained them. According to Kuznets' theory, income inequality would naturally decline at advanced stages of capitalist development, regardless of economic policy choices or national differences, eventually stabilizing at an acceptable level (Piketty 2021: 22). Kuznets' framework explains how income distribution is distorted by the tax burden and the costs of state expenditure relative to national income. Applying this theory to the Indonesian context, successive post-reformasi governments have prioritized high economic growth and development. Yet, these ambitions have been accompanied by rising national debt and tax burdens—reaching 12% on goods, services, and income by early 2025 under the Prabowo-Gibran administration.
Although Indonesia has long been integrated into the free market economy and has seen a rise in investment following deregulation and debureaucratization policies, the country still lags behind its regional peers in attracting and retaining capital circulating in Asia (Chaniago 2012: 90). These efforts aimed to strengthen Indonesia's position in global markets. Since reformasi, deregulation has stimulated the business climate, especially in manufacturing, technology, and mining—sectors deemed attractive due to Indonesia's vast natural resource wealth. This has drawn long-term investment attention from foreign actors.
However, the results of deregulation remain limited. Among ASEAN countries, Indonesia attracts more foreign capital than the Philippines—a country long plagued by internal political turmoil during its transition from authoritarianism to democracy—but still falls behind Malaysia, Thailand, and especially Singapore (Chaniago 2012: 90). Massive infrastructure leaps, especially toll road construction initiated under President Jokowi, have expanded drastically. Yet by July 2024, government debt surpassed IDR 8,502.69 trillion—an increase of IDR 57.82 trillion in a single month (CNBC Indonesia 2024). These numbers starkly contrast with the country's social indicators: high unemployment, widespread child stunting, poor literacy, and inadequate housing, with 61.7% of 65 million households living in substandard dwellings, despite housing being a basic human right guaranteed in Article 28(h) of the 1945 Constitution (Kompas Ide 2019).
Finance Minister Sri Mulyani argues that Indonesia's debt-to-GDP ratio remains below the legal limit of 60%. Nevertheless, a broader view reveals that fiscal space is constrained by structural issues—stunting, low literacy, housing crises, rising unemployment, and crime—exacerbated by Indonesia's weak rule of law. The question arises: has the infrastructure regime under Jokowi allocated most of the debt to physical development while neglecting the basic needs of the population?.
Indonesia has not fully recovered from the 1998 financial crisis due to persistent dependency on foreign debt.

Public and private sectors remain vulnerable to foreign currency fluctuations, especially the U.S. dollar. This instability stems from weak fiscal policy, rendering both the national and regional economies vulnerable. In 1998, the exchange rate spiked from IDR 2,500 to IDR 17,000 per U.S. dollar, a drastic collapse that triggered widespread bankruptcies and economic turmoil.

When the Thai baht collapsed on July 2, 1997, few realized it was the beginning of the largest economic crisis since the Great Depression. The crisis spread from Asia to Russia and Latin America, threatening the global economy (Stiglitz 2003: 125). The fall of the baht signaled a wave of systemic capital flight, devaluations, rising foreign debt, and corporate bankruptcies. In Indonesia, the political aftermath culminated in President Suharto's resignation after 32 years in power. Riots and violence, including against ethnic Chinese communities, erupted across Jakarta and other cities, marking a dark chapter in Indonesia's political and economic history.

Currency speculation spread to Malaysia, South Korea, the Philippines, and Indonesia, triggering a broader financial disaster across banking, stock markets, and national economies (Stiglitz 2003: 125). Hopes for international support via the IMF proved disappointing. Critics argue that IMF prescriptions—excessive faith in free markets and austerity—exacerbated poverty by cutting subsidies and increasing costs for basic needs. These policies failed to alleviate deficits and instead deepened inequality, particularly for lower-income groups. In this view, the IMF often worsens economic and social conditions, acting as an instrument for advanced economies—especially the United States—to control the policies of developing countries like Indonesia.

This study applies Yoshihara Kunio's theory of *Ersatz Capitalism* and the oligarchy theories of Robert Michels and Jeffrey Winters to analyze how capitalism interacts with authoritarian legacies in post-New Order Indonesia. The study explores how these dynamics perpetuate political-economic inequality and the failure of successive regimes during the transition from authoritarianism to reformasi in contemporary Indonesia.

Actors, Affiliations, and Political-Economic Realities

There exists a growing and deeply rooted power relation between Indonesia and expanding foreign interests, shaping what could be called a new form of colonialism. This structure often escapes public scrutiny, yet underpins exploitative capitalist practices with broad impacts. Historically, such power relations reflect asymmetrical dynamics between ruling elites and subordinated actors (Edward, 2004: 138). In early 20th-century Makassar, this asymmetry played out in the complex interplay between local rulers, Dutch colonial authorities, and the general populace.

Narratives of power seizure often involve one group successfully asserting legitimacy over another, producing what may be called "relative power." This reflects the anatomy of conquest: dominant actors converting the material resources of subjugated subjects into capital for sustained control—often through real estate or extractive ventures. Such logic is foundational to colonialism, where conquest and appropriation are planned, executed, and repeated in modern forms of domination. Power thus perpetuates itself by seeking new arenas for expansion, shaping new political-economic realities over conquered spaces.

In 20th-century colonial Sulawesi, capitalist encounters involved both dominant colonial forces and relatively subordinate indigenous elites. For example, in the Dutch-controlled *Afdeeling Makassar* and broader *Gouvernement Onderhoriggeden*, power relations were deeply contested (Edward, 2004: 139). After the full annexation of South Sulawesi in 1905, the Dutch saw the aristocracy as their primary rivals—dispossessed politically and economically. Some noble elites resisted; others collaborated in exchange for political survival and material gain. Those who complied often gained administrative posts and extended influence, while resisters were captured or exiled—such as Karaeng Mappanyukki and Karaeng Bontonompo.

These dynamics illustrate the internal fragmentation within aristocratic classes—between those who resisted and those who assimilated. The compliant were rewarded with privileges, while others faced persecution. For instance, Karaeng Mangeppe of Gowa submitted in 1905 and was appointed regional governor in Wajo. In contrast, other nobles who resisted Dutch rule were detained or exiled (A.J. Baron Quarles de Quaries; Edward, 2004: 140). These fractures produced long-term rivalries and manipulation that created space for popular movements.

Colonial interference in the governance of local kingdoms disrupted indigenous statecraft, often under the pretext of preserving order. The resistance mounted by indigenous rulers reflected a refusal to cede sovereignty. This historical experience of domination and co-optation reappears in contemporary forms of economic-political rivalry in South Sulawesi—though with different actors and contexts. Today, economic-political actors manipulate power in pursuit of material resource extraction, shaping capitalist encounters rooted in local culture and historical memory.

Today's portrayal of nation-building is inseparable from the history and legacy of how national identity, a national economy, and social integration have been constructed. These elements serve as essential benchmarks for consolidating collective interests and realizing the accomplishments of national unity. However, the project of nation-building in Indonesia has always been vulnerable to factors such as disintegration, military operations, economic crises, and unstable growth. These vulnerabilities have recently manifested in widespread phenomena like land evictions involving land mafias—cases that have drawn national attention, particularly when they occur in elite and strategic urban areas, such as on Jalan Andi Pangerang Petta Rani. In one case, the perpetrator managed to forge documents that were accepted by the court, resulting in a legal victory over a rightful landowner who held a valid property certificate. One is left wondering: What kind of power does the claimant wield that allows them to win a court case with falsified documents? Has the state failed to protect consumer rights or, more broadly, the rights of its citizens?

These patterns are not separate from the broader dynamics of Makassar's economic circulation. In fact, nearly every resident in Makassar is aware of how deeply embedded land mafias are in everyday life and in major land disputes. These are not just legal issues; they serve as social barometers of larger national cohesion problems. They embody confrontations between citizens and state authorities, or between public interests and business elites—conflicts which, as Herry Priyono (2022: 94) argues, hold embedded dimensions of rivalry and sustained antagonism. These rivalries are not accidental but cultivated over time by actors who manipulate state institutions to seize power or property, as in the case of Andi Baso Mattutu, who is alleged to have forged legal documents. And beyond land mafias, one must also consider the potential involvement of judicial mafias. The state must intervene to protect the rights of its citizens, as mafia practices have become increasingly uncontrollable—corrupting democracy and the institutions meant to uphold it.

Today, mafias are no longer merely criminal groups. Over time, they have evolved into corporate-like entities that operate within and alongside formal power structures. These mafias function as speculators who attempt to monopolize influence within state institutions such as the judiciary. This type of influence, often requiring vast capital, enables them to alter legal documents and decisions to serve their own interests.

Yoshihara Kunio, in his book *Ersatz Capitalism in Southeast Asia*, discusses this phenomenon in a chapter on rent-seekers and speculators. He describes how these groups establish close relationships with the state to gain business advantages, often by securing access to state resources, protection, or regulatory authority for specific sectors (Yoshihara Kunio, 1990: 93). The author argues that the distinction between mafias and rent-seekers is essentially a false one. Both engage in the manipulation of laws and state mechanisms for private gain. When such actors are part of the ruling family or inner circle—common in Southeast Asian quasi-monarchies—these practices are called rent-seeking. However, when similar acts are carried out by external actors, they are criminalized as mafia activity. In reality, both involve the same patterns of manipulation, exploitation, and the erosion of democratic norms.

Such patterns and encounters have fertilized the ground for monarchical practices to become institutionalized under constitutional frameworks, in which state assets are managed much like household or familial property—often entrusted to relatives or close confidants. Regardless of the terminology used, this structural arrangement consistently burdens the populace and marginalizes the people's role as citizens. Instead, the public is increasingly treated as mere consumers. Kwik Kian Gie, as cited by Robinson, identifies this as a deliberate state strategy that fosters the formation of domestic capital. Through its leadership, the state prepares the groundwork for a domestic bourgeoisie—funded through private business partnerships and backed by foreign capital integration. The expectation is that, once this domestic bourgeoisie accumulates sufficient capital, it will repay national debt and repurchase government-held shares, thereby advancing a privatized path to accumulation (Robinson, 2012: 116).

However, this model has yielded deeply detrimental outcomes. The creation of domestic capital has functioned as a mechanism for subordinating national priorities to foreign investment—nominally a strategy for economic growth, but in reality, one that repeatedly benefits foreign investors. These investors continually recover their capital, owing to the state's failure to integrate national economic policy frameworks with consistent political discipline. The result has been massive financial losses, exemplified by the 2025 Pertamina scandal, which reportedly cost the country up to one quadrillion rupiah. These losses span subsidiaries, brokers, and core deficits in export-import processes, exacerbated by soaring corruption indices.

In a February 2025 interview with political analyst Rocky Gerung, the author inquired about the behavior of indigenous and Chinese-Indonesian capitalist elites in producing the material foundations of political and economic life. Gerung remarked:

"They don't produce material foundations. They just bribe or piggyback on regulations."

Building on this, the author argues that such bribery practices distort fair business competition on a national scale, especially given that many oligarchic actors control vast business empires. Gerung further elaborated:

"That ersatz nature is precisely the defining feature of capitalism here. So why compete at all?"

This perspective aligns with Yoshihara Kunio's research on Southeast Asia, which identifies *ersatz capitalism* as a system of substitution—where industrial expansion becomes merely a method for opportunistic elites to manipulate state policy and legislative instruments for financial gain.

The defining characteristic of *ersatz capitalism* is its exploitative and expansive nature. It is precisely this phenomenon that led Yoshihara Kunio to coin the term "ersatz" to describe actors who leverage the state, regulation, and political authority to pursue personal enrichment. This sharply contrasts with European models of capitalism, which were historically rooted in technological innovation and structural economic transformation.

In Southeast Asia—and particularly in Indonesia—*ersatz capitalism* is deeply feudal. It thrives on state intervention, familial networks, and the patronage of political and kinship-based elites. This feudal character deeply influences how social sciences and political economy evolve in the region.

Capitalism in Southeast Asia—particularly in Indonesia—remains deeply feudal, which significantly influences the frameworks and development of the social sciences, humanities, and political science. At present, the evolution of social and political discourse in Indonesia continues to revolve around issues of dynastic politics, local strongmen, the plundering of natural resources by developed countries, and separatist movements arising from severe inequality and uneven welfare. Feudalism in Indonesia remains deeply rooted. Despite the 1945 revolution and eighty years of independence, the country has yet to escape the grip of feudalism and corruption, which have severely damaged both our bureaucracy and environment. Actors involved in this destruction are merely replaced in name—new leaders emerge, but the same elites remain in power.

In these eighty years, Indonesia has failed to significantly develop its technology and knowledge systems. Economically, the country lags far behind, and capitalism has become fully entrenched due to massive exploitation across all sectors of life. Major events continue to unfold before the eyes of the people, but the anticipated economic transformation proceeds at a glacial pace. The public grows increasingly frustrated with a political order that obstructs progress, while exploitation becomes more visible and expands—leaving the people behind, walking alongside an economy that crushes them with its capitalist character.

Why is it that the aristocratic and feudal character of South Sulawesi—which belongs to a bygone era—has not yet succeeded in adapting to a capitalist mode of economic development? In fact, the aristocratic and feudal elites have transformed into a bourgeois class, becoming one of the key forces shaping class consciousness among workers.

Robert Michels's narrative provides a lens through which we can understand this historical paradox. He observes that what may at first appear to be contradictions often emerge from differing social orders. It is possible for entire classes—or fractions of them—which once embodied dominant economic relations, to disappear while still retaining enough moral prestige and political power to maintain dominance in a new phase of economic and social development—even in direct opposition to the will of the majority (Robert Michels, 1984: 262). History is replete with anomalies and ironies, where the working class and the bourgeoisie encounter, oppose, and exploit one another. In the case of South Sulawesi, capitalism has evolved not as a natural consequence of industrial development, but through conflicting interests and elite consolidation.

In certain sectors of the capitalist class in Makassar, I attempt to illustrate how such contradictions have been historically embedded. These can be seen in the displacement of indigenous or pribumi groups from their own land through ventures in trade, logistics, real estate, and construction services. This marks a historical shift in which vanished class fragments are replaced by business actors across sectors, forming a new political class that continues to expand. This dynamic is evident today, especially in the competition among corporate giants for elite urban land, as previously mentioned. One such example can be seen in the following situation, which involves alliances of capital and the substitution of actors from Tionghoa-descended groups:

Table 1. Business-Political Networks of Tionghoa-Descended Groups in Makassar

Actor/Group	Category	Business Affiliations	Political/Party Connections	Related Projects/Institutions
Tandiawan Group	Politician–Entrepreneur	Automotive (Toyota, Mazda), Property, CitraLand Celebes, Paddy Valley Golf Course, PT. Sinar Galesong Pratama, Hospitality	Informal ties, elite and local government relations	MTC Karebosi, strategic land in Pettarani, Patallassang (Gowa), capital-dense zones in Makassar
Gozal / Go Tieng Kien Group	Politician–Entrepreneur	Hospitality, Logistics, Media (Radio)	Deputy Treasurer of Golkar Party, links with SYL, Nurdin Halid, and local governments	Makassar Golden Hotel, Akai Department Store, Madama FM Radio
Bang Hasan / Tho Tien Shang	Entrepreneur–Partisan	Property, Logistics, Commercial and Mall Management	Non-party affiliate, elite urban market ties, relation with IAS	PT. Tosan Permai, Mall Trade Center (MTC Karebosi), Karebosi Link, Hotel Condotel
Soedirjo Aliman / Jen Tang	Entrepreneur–Partisan	Automotive (Daihatsu), International	Non-party affiliation, strong legal	PT. Jujur Jaya Sakti, CPI Project, Zona Kafe, land

		Hospitality Networks, Property, Illegal Losari Beach Reclamation, Heavy Equipment Contracting	networks	conflict in Pettarani with Tandiawan Group
Anton Obey Group	Politician–Entrepreneur	Contractors, Distributors, Medical Equipment (APBD Projects)	Golkar legislative candidate 2004, INTI Sulsel figure	Health projects in Sidrap and South Sulawesi, property development
Willian Tanta Group	Politician–Entrepreneur	Clarion Hotel Group, Construction (Passokorang), Real Estate	Cooperation with South Sulawesi Provincial Government, DPRD member	Grand Clarion, Hotel Rinra, strategic real estate projects
Yongris Lao Group	Entrepreneur–Politician, Religious Figure	Banking, Café Chains, Sports Facilities	Golkar, supporter of SYL	Hasamitra People's Credit Bank (BPR) – 10 branches in South Sulawesi & West Java, Goro Arena
Dr. Erfan Sutomo	Entrepreneur–Activist–Politician	Medical Equipment Business	Ties with SYL and Sudirman Sulaiman	Interfaith activist, Confucian community leader

Source: Data compiled from various sources

The table above illustrates how Tionghoa groups have developed business enterprises ranging from material sectors to political capital, often by offering electoral support from within their communities in exchange for patronage and protection from political elites and government actors. In South Sulawesi, there are recurring public perceptions—and sometimes veiled criticisms—directed toward the Tionghoa community. Among segments of the indigenous (*pribumi*) population, Tionghoa are often perceived as economically successful, affluent, and in control of strategic assets across the province. They are widely seen as economically astute and capable of stimulating local economies.

One particularly sharp anecdote, common in local discourse, suggests that Jeneponto—a district in South Sulawesi—is economically poor *because* it lacks a Tionghoa presence. While this notion reflects a form of myth-making rather than grounded analysis, it resonates with the belief that Tionghoa presence is synonymous with economic growth. In reality, Jeneponto is statistically the second poorest district in South Sulawesi (after Pangkep), with a poverty rate of 11.82%, according to data from the Central Bureau of Statistics (BPS) and the National Unified Socioeconomic Database (DTSN). However, this narrative is easily disproven, as Pangkep—the poorest district—actually has a notable Tionghoa population. Other poor districts such as Luwu (11.70%), Enrekang (11.25%), North Luwu (11.24%), Selayar Islands (10.79%), Tana Toraja (10.79%), Bone (9.58%), and Maros (9.32%) also have Tionghoa communities. Thus, the myth that the presence of Tionghoa inherently leads to regional development is a relic of New Order-era ideology, one that masks broader structural inequalities.

In contrast, the so-called *pribumi* elite in South Sulawesi is represented by two major family conglomerates historically recognized as corporate giants: the **Kalla Group** and the **Bosowa Group**. These families have long operated as powerful patrons and political kingmakers in the region. Capital alliances and familial business succession are part of a generational dynamic where wealth and power are either preserved or replaced depending on whether a new generation is capable of maintaining the family's economic legacy.

The belief that regions with Tionghoa populations are inherently prosperous is a problematic essentialism that fails to account for the internal differentiation within ethnic groups. Prosperity is more accurately attributed to groups, networks, or families that possess capital, political access, and institutional power. As Yoshihara Kunio's theory of *ersatz capitalism* suggests, Southeast Asian capitalism often evolves through a patronage-based dynamic between capitalists and bureaucrats. This results in what can be described as a group- or clan-based economic system, which in political terms resembles a dynastic order—one that often marginalizes the

broader population. At the very least, we see that certain groups are socially and politically advantaged in ways that allow them to accumulate capital, assets, and influence at a faster rate than others. This is the historical experience of how families, groups, and alliances build class power over time.
In the following section, I summarize the structure of indigenous (*pribumi*) elite alliances and capital group substitutions for comparative analysis:

Table 2. Political-Business Alliances of Indigenous (Pribumi) Elites in South Sulawesi

Actor/Group	Category	Business Affiliations	Political/Party Connections	Related Projects/Institutions
Kalla Group (Jusuf Kalla)	Politician/Entrepreneur	Automotive, Property, Energy, Construction, Transport & Logistics, Retail, Finance, Forestry	Golkar Party, Former Vice President of Indonesia	Major patron role / Tellumpoccoe
Bosowa Group (Aksa Mahmud)	Politician/Entrepreneur	Cement, Automotive, Energy, Transportation	DPD, MPR-RI, relative affiliation with Golkar	Support from local political elites / Tellumpoccoe
Syahrul Yasin Limpo Family	Politician/Bureaucrat	Pure bureaucratic career, former civil servant turned regional leader	Governor of South Sulawesi, Head of Golkar South Sulawesi, Minister of Agriculture (2019–2023)	Supported by Tionghoa and Pribumi businessmen / Gowa-Tallo
Tamsil Linrung	Politician/Entrepreneur	Director of PT Aquamas (ice), PT Faris Noor Tijarah (printing until 2004), PT Amanah Putra Nusantara, PT Sinar Hudaya, PT Karya Abadi Bangsa	PKS → DPD RI (Deputy Speaker of DPD RI 2024–2029), former DPR RI (2004–2019)	Founder of printing businesses, foundations, schools; cooperative advocacy, export-import, livestock / Pangkep
Suwardi Haseng	Politician/Entrepreneur	Contractor, heavy equipment, property, Pertamina	Elected Regent of Soppeng 2024	Regional infrastructure, construction concessions, Pertamina / Tellumpoccoe
Amir Uskara	Politician/Entrepreneur	Education Business	PPP, DPR-RI, Deputy Speaker of MPR-RI 2024	Legislative elite of South Sulawesi, Ansor and NU figure / Gowa-Tallo
Amran Sulaiman	Politician/Entrepreneur	PT Tiran Group (mining, plantation, nickel)	Minister of Agriculture 2014–2019, 2023–present	Business expansion in South Sulawesi; agrarian & mining sector / Tellumpoccoe
Sudirman	Politician/Bur	Foreign and	Governor of	Strengthening

Sulaiman	eaucrat	multinational mining companies	South Sulawesi 2021–2023, 2024–2029, younger brother of Amran	Sulaiman clan bureaucracy / Tellumpoccoe
Asman Sulaiman	Politician/Bureaucrat, Entrepreneur	Property, housing development, transport services, livestock, plantation	Regent of Bone 2025, younger brother of Amran	Political base of Bone-Soppeng-Wajo clan / Tellumpoccoe

Source: Data compiled from various sources

A portion of the Chinese-Indonesian groups in Makassar undeniably gained and reinforced their positions by aligning themselves with a central political patron, namely Mr. Syahrul Yasin Limpo (hereafter referred to as SYL), who served two terms as Governor of South Sulawesi from 2008 to 2018. Prior to that, he held the position of Regent of Gowa from 1994 to 2002 and then served as Deputy Governor of South Sulawesi from 2003 to 2008. There is a discernible tendency that after SYL no longer held the gubernatorial post, Chinese-Indonesian business groups gradually distanced themselves from political support for him. This coincided with internal conflict within the Golkar Party, which resulted in SYL being dismissed as chairman of the party's South Sulawesi regional board in 2018, on the grounds that his leadership was believed to be diminishing the party's popularity.

Nevertheless, it should be noted that figures like Peter Gozal had once served as Deputy Treasurer in the Golkar Party's executive board for the 2014–2019 term. However, the political market and voter support evidently shifted after SYL changed his party affiliation. This was clearly seen when he ran as a legislative candidate from the NasDem Party in the South Sulawesi Electoral District 2. Despite his prominence, the vote tally indicated that he failed to secure a seat in the national parliament (DPR RI) in the 2019 election.

This phenomenon exemplifies how leadership dynamics often reveal an overlapping of political and social dimensions shaped by forces beyond the officeholder themselves—what Fajar (2023:39) refers to as *the elite*. SYL's leadership became further destabilized during his tenure as Minister of Agriculture under the 2019–2024 *Indonesia Maju* Cabinet due to his involvement in a corruption scandal within the ministry.

This series of events signaled the effective end of the SYL dynasty. Adnan Purichta Ichsan Yasin Limpo, a prominent family member and previously considered a top Golkar candidate, failed to secure endorsement from any political party despite also applying to PKB and the Democratic Party. As of the deadline on Thursday, August 29, 2024, Adnan had not obtained the necessary political party recommendation to run. The author notes that this marked the collapse of the Yasin Limpo clan in South Sulawesi politics—an electoral season that, for the first time in two decades, did not include any Yasin Limpo family member in the gubernatorial race.

Convergence and Substitution of Capital

Marx believed that capitalist competition compels the hand of the capitalist. Capitalist rivalry forces capitalists to accumulate capital. In doing so, they act against their own long-term economic interests, since capital accumulation tends to reduce profits. Nevertheless, in acting contrary to their personal interests, capitalists unknowingly serve the greater cause of historical development—advancing economic progress and laying the groundwork for socialism (Popper, 2008:451). Capitalist production has evolved rapidly, and this is both a subject of political-economic inquiry and a discipline in which the historical trajectory of society is interpreted as a means to advance national welfare.

According to Popper, long-term economic interests lie in capital accumulation, and socialism emerges through economic progress and national welfare. However, in Southeast Asia—particularly Indonesia—this kind of capitalism is seen as a substitution process, whereby bourgeois groups exploit material resources. Foreign mining operations have increasingly devastated natural wealth, stripping away resources for foreign benefit through mining concessions. The people living near these sites do not prosper in accordance with historical narratives. A current example is the controversial mining concession in Raja Ampat, Southwest Papua, which has sparked both national and international concern—voiced notably by Greenpeace Indonesia. A similar case in South Sulawesi is the Central Point of Indonesia (CPI) reclamation project in Makassar, where excessive seabed sand mining—conducted by various companies across South Sulawesi—was used to fill the reclamation area.

Post-1998, Indonesian conglomerates have benefited from democratization. As several scholars have shown, the new political system granted capitalist elites access to the political arena (e.g., Chua, 2008; Fukuoka, 2012; Faris al-Fadhat, 2023:149). The rise of parliamentary power and newly emerging political parties has expanded networks between bourgeois business elites and contributed to the formation of new oligarchic forces in local politics. These local elite networks influence every five-year political cycle—especially elections—by devising strategies to secure power and protect long-term business interests. Achieving a balance of political and business power is imperative for maintaining representational legitimacy.

Politics in Indonesia cannot be divorced from the influence of business associations, which actively engage in political processes and local democratization. Business associations such as the Indonesian Chamber of Commerce and Industry (Kadin) and the Indonesian Employers Association (Apindo) operate throughout the country. Leadership in these organizations is seen as crucial to consolidating wide-ranging business support, both in terms of votes and capital. These associations are deeply intertwined with licensing processes and business expansion as a form of political articulation.

In capitalism, competition among capitalists plays a central role. The battlefield is the market, where victory is often determined by one's ability to sell goods at lower prices than competitors. This competitive logic leads to the collapse of many small capitalists, whose capital is absorbed by the more dominant players (Popper, 2008:452). A prime example of this in Makassar is the land dispute between two major capitalists—Ricky Tandiawan (PT Timurama) and Jen Thang (PT Jujur Jaya Sakti)—over a premium land parcel in a wealthy urban zone. This resulted in violent clashes between opposing supporters, and the land was eventually acquired by Jen Thang.

According to Marx, capitalists are compelled to concentrate capital. Three key concepts underpin this logic: competition, accumulation, and rising productivity. These constitute the laws of capitalist accumulation. Following this logic, the next step is the concentration and centralization of capital (Popper, 2008:453). Marx described how capitalist competition escalates to conflict, compelling capitalists to concentrate resources and establish dominance. The losing side, Marx observed, suffers what he termed an "increase in misery," particularly through exploitation, land mafia activities, and contestation over land concessions. Today's capitalists may be new faces, but they operate within the same mechanisms of capital accumulation and domination.

In an interview conducted by the researcher with Mr. Jusuf Kalla at his residence on Jl. Hj. Bau, Makassar, in September 2024, regarding the extent of involvement by indigenous and Chinese-Indonesian entrepreneurs in the political economy of Makassar, he stated:

"It's true that politics is a right of all citizens—there should be no distinction between indigenous and Chinese-Indonesians. But Chinese-Indonesians have long been involved in politics. This shows that they are already thinking in terms of political power, and many of them enter politics to protect their business interests, particularly by becoming members of the legislature. They tend to engage in the most profitable sectors like mining, and the essential capital for such businesses is obtaining permits. This explains the close and mutually beneficial relationship between businessmen and officials, which Chinese-Indonesian entrepreneurs have learned to utilize effectively."

It is clear that competing and cooperating forces exist within an unregulated capitalist system. These capitalist groups do not produce their own material base, but instead operate by leveraging existing regulations.

Society is fundamentally divided into classes or castes. Plato asserted that true happiness can only be attained through justice—where everyone remains in their designated (social) place. Rulers find happiness in ruling, soldiers in warfare, and even slaves in their self-imposed servitude. Moreover, Plato emphasized that the goal of a state is not the happiness of individuals or specific classes, but the happiness of the whole. He argued that true happiness arises from a just order—albeit a totalitarian one. Such totalitarian order relies on coercion and suppression of opposition, which in turn creates the preconditions for exploitation and prolonged colonialism (Popper, 2008:210).

CONCLUSION

Capitalism, in its early form, emerged with revolutionary ideals—born from the crisis and conflict between landowners and agricultural producers. From this conflict arose an illusion of prosperity, of limitless innovation, and of a promise of welfare for those who worked the land and created productive markets and distribution systems. It was a story of hard-working entrepreneurs who, through perseverance and diligence, hoped to succeed in a meritocratic system where effort would be rewarded.

However, as the world developed, what came to the fore was a system of illusion, imitation, and exploitation. Land exploitation gave rise to land mafias and conflicts; consumer goods were deliberately designed for obsolescence, forcing constant replacement and consumption. Much of the wealth created no longer stemmed from the production of goods and services, but rather from financial manipulation—through money laundering, speculation, and abstract value extraction.

In the post-New Order era, the rapid growth of capitalism in Makassar, South Sulawesi, came from business groups closely tied to political elites—or those who were both entrepreneurs and elites themselves. This form of *ersatz capitalism* manifested in the close nexus between businesspeople and powerholders, both indigenous and Chinese-Indonesian, including local leaders, political parties, and state institutions. Large business groups—whether pribumi or Chinese-Indonesian—do not merely operate in the real sector (such as construction, property, health equipment, or automotive industries); they also occupy strategic roles in local and national politics, often serving as patrons in their respective territories to secure electoral and economic interests. Projects such as malls, coastal reclamation, and urban toll roads often represent not just economic logic or development goals, but also logic of power and territorial control. The ease of obtaining permits, land access, and even violent disputes over territory seem to nourish the very foundations of *ersatz capitalism*.

This system provides particular advantages to minority business groups, including Chinese-Indonesian entrepreneurs. They need not fear open competition, as their success often relies more on building alliances and securing proximity to ruling elites, state institutions, and the legal apparatus—rather than on market capabilities alone. Alliances with indigenous elite powerholders and access to political patrons have become central, signaling that capital accumulation under *ersatz capitalism* is mediated more through social-political patronage than through the competitive logic of a free market

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